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TRAINING & MOTIVATION

Honing the competitive edge—Pp. 31-32

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Sisters repositions product mix

By Rick Telberg

COLUMBUS, Ohio—Sisters chicken and biscuits, the 50-unit chain launched by Wendy's four years ago, is methodically adding new products to boost sales and thus bring margins closer in line with Wendy's outlets.

A sandwich line has been rolled in Columbus, a company-owned market, where it is reportedly garnering 12% of sales. Breakfast is being expanded into waffles.

Results have prompted Wendy's officials to project a 25% average annual unit-volume advance to $950,000 this year as the chain doubles in size.

Robert Barney, Wendy's chairman and chief executive, indicated that Sister's was being repositioned with a broader menu to increase volume.

Sister's first round of menu additions, completely executed last year in company stores and still being rolled in franchised stores, includes a salad bar, a baked potato toppings bar and ice cream sundae toppings bar.

Country-fried steak, usually priced at $3.59, is also on company-store menus. The top-priced item is served with green beans and bacon and mashed potatoes.

Without the new lunch and breakfast dayparts, Sister's margins were trailing Wendy's sometimes 20%-levels by up to five points, diminishing its appeal to Wendy's franchisees accustomed to fat bottom lines.

But Barney indicated that

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Top: Front of typical ShowBiz unit. Left: Brock Hotel Corp. chairman Robert Brock

ShowBiz fights slump with new diversions

By Joe Edwards

IRVING, Tex.—ShowBiz Pizza Place is taking steps to overcome severe problems of customer boredom, undercapitalization and market saturation which continue to depress sales and profits at the 201-unit pizza-entertainment chain.

Twice-a-week teen dance centers, 100-seat theaters featuring films with dazzling special effects and other new amusements are being tested and may be added to more than half the units by year's end.

ShowBiz is developing a 5,000-sq.-ft. prototype, about half the size of its existing units, and is restructuring its short-term debt. Parent, Brock Hotel Corp. is considering spinning off ShowBiz as a public company this summer.

Meanwhile, 11 low-volume units have been closed and about a half-dozen others will be shut down shortly. But 16

(Continued on page 66)

Senate probe targets Hanley

Culinary union leader sidesteps questioning on alleged 'mob' links

By Ken Rankin

WASHINGTON—Culinary Union International president Edward T. Hanley—the star witness at fiery Senate hearings into alleged "mob" influence over the nation's largest restaurant labor organization—invoked the Fifth Amendment repeatedly in response to questions concerning the union's reported links to organized crime.

Outraged by Hanley's refusal to testify at the Congressional hearings, Senate leaders threatened to take further action against the union chief, including a possible "contempt of Congress" proceeding that could result in a Federal prison term if he fails to cooperate with Capitol Hill investigators.

In addition, key members of the Senate Permanent Investigations Subcommittee also raised the possibility that Hanley may be forced to relinquish control of the Hotel Employees and Restaurant Employees International Union under a long-standing A.F.L.-C.I.O. policy prohibiting union officials from refusing to answer "all relevant questions" asked by "legislative committees."

Despite Hanley's silence on the witness stand, union officials had the last word during the Senate hearings by releasing a statement defending Hanley's right to plead the Fifth Amendment and denouncing Congressional investigators for attempting to "smear" the union.

Rather than conducting a "fair and impartial inquiry" into alleged organized-crime control at the union, that statement characterized the Senate investigation as "a premeditated effort on the part of the subcommittee's staff to destroy the reputation and credibility of our union and its officers and to un-

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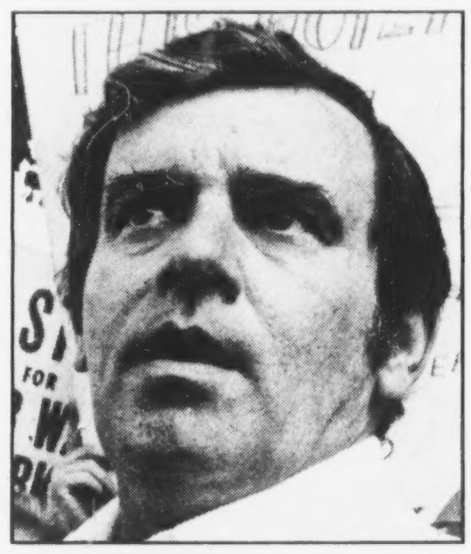

Edward T. Hanley

Numero Uno eyes new pizzeria venture

By Richard Martin

WOODLAND HILLS, Calif.—Numero Uno Pizzeria, the privately held 56-unit chain operating in southern California would to public and finance expansion of a new pizza concept from a pending reverse merger with Minute Man of America, a publicly traded six-unit fast-food burger company based in Little Rock, Ark.

Numero Uno parent Gelet Enterprises, based here, would survive the merger with controlling interest in an as-yet-unnamed new entity, which could then offer equity to raise expansion capital, sources at the company said.

John F. Jenkins, president of Minute Man, and Ronald J. Gelet, ceo of the pizza-chain parent, are expected to reach a definitive agreement on the deal this month, with consummation anticipated by Aug. 1. Terms of the proposed merger, reportedly involving an exchange of stock, were not disclosed.

Numero Uno president Howard Davis said the newly formed company would begin development of a completely different pizza concept in unspecified markets outside California starting within six to nine months. Davis did not disclose the new concept's intended name or format pending copyright registration.

Founded by Gelet in 1973, Numero Uno began franchising in 1976, and grew to system-wide sales of $21 million in the fiscal year ended Jan. 31. Currently all but two outlets of the 56-unit chain are franchised, including four smaller Numero Uno Jr. storefront operations.

Davis projects the chain will open from 10 to 12 more Numero Uno units by the end of next January, mainly in San Diego and northern California markets. He expects system-wide post-merger sales to reach about $27 million for the current year.

Additional plans call for expansion of the Minute Man concept in and beyond its current territory of Arkansas. Described as being similar to Naugles with drive-thru systems in some units, and a menu featuring burgers and Mexican items, the six existing Minute Man units would be remodeled and

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Thomson drops reins at Peoples

By Ken Frydman

RICHARDSON, Tex.—Thomas L. Heironimus, a nine-unit Peoples Restaurants franchisee, has succeeded Donald G. Thomson as chairman and chief executive of the 58-unit family restaurant chain.

Don Thomson

At the same time, Peoples has signed an agreement to acquire the net assets of Heironimus's firm, Fortune Foods, which operates Peoples units in Florida and Indiana.

Heironimus, 37, previously served as an executive officer of LLC Corp., a 100-unit Arby's franchisee, and prior to that held several executive positions at Steak 'n Shake.

Thomson is expected to stay involved with some Wyly family interest. Sam Wyly is a major shareholder of Peoples and Bonanza International. Thomson once was chairman of Bonanza.

Thomson resigned as chairman and chief executive of Peoples earlier this year, but did not step down until May 15, when Peoples completed registration of an $11 million common stock rights offering of 84% interest in its wholly owned specialty retail store subsidiary, Michael's Arts & Crafts.

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LATE NEWSBREAKS

Richard Melman's Lettuce Entertain You Enterprises has signed to manage and restructure the unprofitable Playboy Clubs and restaurants. He previously signed management contracts for the national rights to Gino's East and for a joint venture gourmet burger deal with Lee Cohn of Phoenix.

Saga has assumed management of two tablecloth restaurants and eight snack shops in the Arco Plaza Building in downtown Los Angeles. Sources at ARA's Fine Dining division say that ARA declined to renew its contract at Arco.

7-Eleven is eying salad bars as a prime food-service possibility at many of its stores.

Ted Balestreri, president of the Sardine Factory, Monterey Calif., was named IFMA's Golden Plate operator of the year. (Full details, next issue.)

COMMODITIES

Vegetable crop outlook good; fruit is mixed; meat prices about to rise

NRN Special Report

In general, the outlook for this year's vegetable crop is good, with larger acreage planted and canners budgeting larger packs. But until the new packs hit the market, prices are up.

Canned pea inventory is down almost 35% over last year at this time. Early June Fancy stocks are tightest—65% below 1983. Sweet and Alsweet extra standard are 51% below last year. Standard grade on both varieties are almost wiped out. The frozen pack is in better shape. The pack this year has started and is budgeted at 12% higher than 1983, but movement has been up, and overall stocks will probably be only about 3% to 4% higher than last year. Opening prices for both canned and frozen are near old pack levels: $12.75-$13 for 6/10 Extra Standard; 51¢ lb. for Grade A frozen 2½-lb. pack.

Sweet corn plantings by canners are up 8%, but crop yields are expected to be larger than last year's poor ones. Don't

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PRICE MOVEMENT AT A GLANCE

	May 11, 1983	April 11, 1984	May 11, 1984
Beans, green, Grade A, frozen, Calif. (lb.)	$0.45-0.50	$0.43-0.48	$0.50-0.52
Beef, Choice, 700-900 lb., Midwest (lb.)	$1.05	$1.05	$1.01
Broccoli spears, Grade A, frozen, Calif. (lb.)	$0.57-0.60	$0.50-0.58	$0.52-0.58
Broilers, Grade A dressed, icepack, NYC (lb.)	$0.4910	$0.6049	$0.6009
Eggs, Grade AA, large white, Chicago (doz.)	$0.7075	$1.05-1.07	$0.73-0.75
Lettuce, iceberg, Calif. (24s)	$9.00-10.00	$3.00-3.50	$3.00
Orange juice, frozen concentrate, Florida (12/32 oz.)	$19.92	$25.60	$25.60
Pork loins, Choice, 14-17 lb., Midwest (lb.)	$0.965	$0.90	$0.96
Potatoes, round white, Maine (50 lb.)	$3.125	$3.50	$3.025
Spinach, Grade A leaf, frozen, Calif. (lb.)	$0.33-0.35	$0.25	$0.25

Source: NRN Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

'Spending spree' gets results:

Bakers Square, Carlos Murphy's rising stars on Vicorp's horizon

By Joe Edwards

DENVER—Bakers Square coffee shops and Carlos Murphy's Mexican-accented casual theme dinnerhouses are emerging as bright stars in Vicorp Restaurants' dramatically altered lineup of chain concepts.

At Bakers Square, new menu items including a wider selection of takeout baked goods, and a new ad campaign helped boost average weekly unit volumes by 17% to $21,400 without any menu price hikes. Profit margins have jumped to nearly 21% of sales from less than 19% a year ago.

Carlos Murphy's, a 14-unit chain that competes in six states with Friday's, Bennigan's and other casual themers, generates about $2 million in average unit sales and may be designated as a primary growth vehicle by Vicorp.

Bakers Square and Carlos Murphy's were acquired by Vicorp as parts of two separate deals over the last 12 months. The acquisitions brought a total of 131 additional restaurants into Vicorp and nearly doubled annual systemwide sales to an estimated $350 million in the current fiscal year.

'The acquisitions . . . nearly doubled annual systemwide sales to $350 million.'

Bakers Square is Vicorp's new name for Poppin Fresh coffee and pie shops, acquired from Pillsbury a year ago for $38 million. Vicorp spent another $61 million acquiring Carlos Murphy's and 57 other dinnerhouses from Ralston-Purina's Foodmaker in February.

Vicorp's uncharacteristic spending spree took many industry observers by surprise. Those who knew Vicorp as the solid but unexciting Village Inn Pancake House operator and franchisor were impressed with the boldness of the acquisition, but some questioned the wisdom of investing $99 million in the lackluster coffee shop and dinnerhouse segments.

(Continued on page 14)

Red Robin goes on the offensive, blasts 'gourmet-come-latelies'

By Richard Martin

SEATTLE—"Gourmet" burger-segment pioneer Red Robin has fired the opening salvos in its newly declared war on encroaching latecomers who have suddenly become its upscale hamburger competition.

But one of its biggest potential enemies among the swelling coast-to-coast ranks of adult-burger purveyors—cross-town rival Flakey Jake's—has casually deflected Red Robin's initial verbal assault.

The behind-the-scenes skirmish followed Red Robin's first annual management conference here, in which area developers, franchisees, managers and corporate staff of the seven-state, 21-unit chain heard company founder Gerry Kingen, now chairman and ceo, pass the titles of president and chief operating officer on to Greg Hubert, formerly exec vp.

Hubert then launched into his declaration of "war" on the likes of Chili's, Fuddrucker's, Bonkers, T.G.I. Friday's and others. He followed with an outline of Red Robin's competitive goals, including a planned initial public stock offer this fall and forecasts of growth in corporate net profit from a projected $1.05 million on systemwide sales of $39 million this year, to a $6 million net on gross sales of $133 million by 1988.

Claiming that customers do not differentiate between the various upscale burger-saloon concepts (despite such novel attractions as exhibition bun baking and fresh meat grinding in self-serve operations like Flakey Jake's and Fuddrucker's), Hubert said Red Robin would rely on its full-service format and its headstart in the gourmet burger field to grab market share and wine the inevitable bidding wars for sites.

He further declared Red Robin was positioned "to slice off a large piece of the action" held by the top 100 chains, which have a lock on nearly 48% of total industry volume.

The warfare rhetoric took on another dimension a little later. Even while highest-level executives of Red Robin were saying there was plenty of room for everyone in the suddenly crowded upscale burger segment (projected to experience nearly double the 3% industry-average real growth rate this year), they were slamming Flakey Jake's for allegedly inflating the reported $47,000-a-week sales average of its new Seattle store by lumping free-with-coupon food items into total cash receipts.

Red Robin's top brass also charged that the in-house

(Continued on page 65)

Gerry Kingen: "It's only a matter of time before the blue-collar customer . . . figures out that a $4 burger and no service isn't such a great deal."

McD adds soup and salad at 15 Chicago restaurants

By Joe Edwards

OAK BROOK, Ill.—Soups and salads have been added to the menus at 15 downtown Chicago McDonald's restaurants in what could develop into a bid by the burger chain for a share of the growing "healthy" fast-food market.

A chain spokesman, however, said the new menu items are designed for "customer convenience" rather than actual testing purposes. "It's not a complete test," he explained. "It's just that these are the types of items that people at our downtown stores want to eat."

A cup of soup is priced at 85¢, and a preportioned salad sells for $1.39. One commercially prepared soup is available daily on a rotating basis. Choices include minestrone, vegetable beef, cream of tomato and chicken noodle.

Soups are rare at fast-food chains, but salad bars, including those at Burger King, Rax, Wendy's and Roy Rogers, are becoming commonplace.

McDonald's has tested salad bars in the upper Midwest and southern California for several years but remains unimpressed with the results. A preportioned salad has been available in 70 test units in the Los Angeles area for more than a year.

Soups and salads could be used by McDonald's to attract nutrition-conscious consumers into the units. Foods that are perceived to be healthier and lower in calories than standard fast-food fare have been appearing with increasing frequency at fast feeders in the last two years.

In addition to traditional fast-food chains that have rolled out salad bars, two chains, D'Lites of Atlanta and The Fresher Cooker of Lexington, Ky., have been creating a splash with menus based on nonfried and "light" foods.

Soups and salads are a low-calorie alternative to other McDonald's products. A Big Mac, regular fries and glass of lowfat milk contains 900 calories.

At McDonald's annual stockholders' meeting last month, no mention was made of soups and salads. Officials noted that the chain is testing homemade biscuits and two new breakfast items, Sausage McMuffins and Maple McKrisps.

Sausage McMuffins are now sold in 3,400 of about 4,900 domestic restaurants. They are variations of the chain's popular Egg McMuffin breakfast sandwich, which first appeared in 1973.

An Egg McMuffin is a fried egg, slice of Canadian bacon and cheese on an English muffin. The new item offers a sausage patty in place of the Canadian bacon. Maple McKrisps, which are in test in 14 Florida units, are pieces of deep-fried pastry dough with a pocket of imitation maple syrup.

"Homemade" biscuits and biscuit breakfast sandwiches are available in 1,500 McDonald's units, mostly in the South. Scratch biscuits were added in several hundred test units a

(Continued on page 65)

Bojangles' tests bacon version of 'lackluster' biscuit sandwich

NEW YORK—Bojangles', the 225-unit spicy fried chicken chain, is testing a bacon-and-egg biscuit sandwich in Florida after discovering the ham-and-egg version performed poorly beyond the Carolinas.

The Charlotte, N.C.-based chain is also testing two children's meal packs—one with a chicken leg, the other with a hotdog. Both come with fries and a drink.

The reason for hotdogs, said Barry Florescue, chairman and chief executive of Bojangles' New York-based parent, Horn & Hardart, is that adults mistakenly believe Bojangles' spicy chicken is too highly seasoned for their children's tastes.

Florescue's disclosures came in an investment conference sponsored by Ladenburg, Thalmann security analyst Roger Lipton.

The Horn & Hardart chief also said Bojangles' is developing premise-made desserts and considering a nonfried chicken entree.

Florescue cited Bojangles' toughest breakfast competitors as Hardee's sausage biscuits, McDonald's made-from-scratch biscuits and Burger King's new croissant line.

Also on the Bojangles' test menu: Premise-made desserts and a new, nonfried chicken entree.

FINANCIAL NEWS

Strike hurts Hilton profits

BEVERLY HILLS, Calif.—Hilton Hotels reports it has salvaged the company's net profit performance for the first four months of 1984, scoring a slim 3% year-to-year gain to about $25 million, despite the effects of the Las Vegas strike and other factors which led to a precipitous decline in profit for the month of April.

April net profit was $6 million vs. $9.8 million in the same month last year, reported chairman and president Barron Hilton. Besides the strike affecting Hilton's two Las Vegas properties, the slow Easter week and depressed operating results at the Chicago Conrad Hilton (where a major remodeling program is under way) further squeezed April profit.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended May 18							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date	Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
A&M Food Svcs	AMFD	7.50	6.50	6.50	-.88	-11.86	8.75	.00	.08	-1.56	.53	-13.98	.40	.44 Q	NC	10.0	4.3	14.8	.00	.0	00-00-00	25.4	1.1	2.5	1.21	2.19	1283
Acapulco Rest	ALAR	4.00	3.88	3.88	-.13	-3.13	7.25	3.88	-.43	-.72	-1.82	2.57	-2.05	-2.13 Q	-775.0	-74.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.8	6.37	1.01	1083
Alleghy Bev	ABEV	14.75	13.75	13.75	-1.00	-6.78	18.75	12.69	-.01	-.05	-3.55	-30.79	1.67	.18 Q	12.0	39.0	2.1	8.2	.40	2.9	04-06-84	526.1	10.8	1.8	30.14	9.98	1283
Am Motor Inns	INN	29.75	28.38	28.75	-1.00	-3.36	38.50	28.38	-.07	-.26	-.54	7.25	2.52	.55 S	24.3	42.0	8.6	10.2	.30	1.0	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	48.50	44.00	44.50	.00	.00	55.25	40.25	.38	-.69	1.53	-8.05	4.37	1.21 Q	36.7	-3.0	1.7	9.9	2.10	4.7	05-25-84	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	13.38	12.25	12.50	-.75	-5.66	18.50	10.50	.16	.13	-2.32	-45.10	.72	.45 Q	128.5	-1.0	3.6	15.6	.12	1.0	03-06-84	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	3.75	3.13	3.38	-.13	-3.57	9.25	3.13	-.02	.65	-3.26	-27.41	-1.30	-2.34 Q	-285.3	-53.0	-7.0	NE	.00	.0	00-00-00	95.2	-6.7	1.7	3.13	3.54	1083
Bob Evans Farms	BOBE	18.25	17.75	17.75	-.25	-1.39	26.81	17.25	-.23	.18	-.04	37.85	.89	.14 N	16.8	21.0	7.5	18.3	.26	1.5	05-07-84	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	5.63	4.88	5.00	-.50	-9.09	10.88	4.88	-.60	-.19	.91	5.81	.17	-.38 F	-69.0	-4.0	.7	29.4	.10	2.0	04-17-84	319.8	2.2	.8	15.66	4.47	1283
Calny Food	CLNY	9.50	8.50	8.75	.25	2.94	11.19	7.50	.33	-.54	-.77	-7.07	.52	.07 F	15.5	3.0	4.8	16.8	.16	1.8	04-25-84	43.6	2.1	.4	2.48	1.49	0283
Captain Crab's	CRAB	5.00	4.00	4.63	-.75	-13.95	8.38	3.50	-.92	1.99	-4.84	39.84	.00	.00 Q	NC	NC	.0	NC	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	9.25	8.50	8.75	-.50	-5.41	11.88	6.13	.67	.18	-2.93	24.89	.50	.26 Q	83.8	99.0	3.7	15.4	.05	.6	12-23-83	84.2	3.1	.8	3.66	2.42	0583
Chi-Chi's	CHIC	17.25	15.25	15.25	-1.63	-9.63	29.00	15.25	-.26	-1.98	1.02	24.46	.39	.26 S	96.2	67.0	9.4	28.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Chilis Inc	CHLI	14.50	13.50	13.50	-1.50	-10.00	18.38	13.00	-.15	-.23	-2.87	20.72	.29	.24 S	NC	5.0	5.8	56.3	.00	.0	00-00-00	17.1	1.0	1.3	11.36	3.94	0683
Ch Full O Nut	CHF	13.63	11.75	12.38	-1.13	-8.33	24.38	10.25	.09	-1.48	-3.39	-15.88	.64	-.01 S	-2.0	-4.0	2.9	25.8	.50	4.0	12-09-83	111.6	3.2	2.9	.34	6.69	0783
Churchs Fr Ch	CHU	27.50	25.50	27.38	1.25	4.78	33.50	21.25	.24	1.37	2.20	-10.25	1.66	-.53 F	-24.2	3.0	6.8	16.5	.80	2.9	05-07-84	464.1	31.6	1.8	.62	11.74	1282
Collins Foods	CF	16.88	15.75	16.50	.38	2.33	21.63	14.75	.26	.48	5.44	-40.22	1.47	.30 N	21.4	27.0	3.8	9.7	.20	1.2	03-26-84	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	19.25	18.00	18.75	.75	4.17	22.13	14.53	-.29	1.26	-3.16	-2.94	.08	.57 S	NC	86.0	1.3	32.9	.00	.0	02-10-84	7.8	.1	1.0	.40	1.99	0683
Consul Corp	CNSL	13.38	12.13	12.13	-.63	-4.90	18.75	10.88	.37	-1.14	1.23	26.21	.26	.14 N	70.0	39.0	2.5	35.7	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	18.50	18.25	18.25	-.25	-1.35	27.34	15.75	-.06	.05	-6.65	48.06	.86	.10 S	12.5	25.0	4.4	20.3	.14	.8	02-28-84	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	35.38	32.75	33.38	-1.50	-4.30	39.25	29.00	.11	.71	-1.61	-25.58	2.54	.15 S	5.8	12.0	3.8	12.4	.72	2.2	06-05-84	1054.6	40.2	1.7	17.92	17.17	0683
Disney, Walt	DIS	65.25	61.00	63.00	-1.00	-1.56	77.75	47.25	-.09	-.02	-.96	53.17	2.70	-.54 Q	-18.0	-6.0	7.1	25.7	1.20	1.9	06-07-84	1307.4	93.2	1.4	10.04	40.58	0983
Divfood	DFDI	16.25	15.13	15.25	-1.00	-6.15	23.75	12.75	.14	.10	1.03	20.55	.99	.03 Q	3.1	70.0	6.8	15.4	.09	.6	03-22-84	484.3	32.9	2.1	.55	1.99	1282
Dunkin Donuts	DUNK	22.50	20.75	20.75	-1.88	-8.29	28.75	18.13	.49	-.15	2.33	-35.71	1.62	.22 Q	15.0	24.0	10.2	12.4	.28	1.3	05-07-84	77.5	7.9	.9	5.93	9.56	1083
El Torito Rest	ET	11.88	10.75	10.75	-.88	-7.53	13.13	9.00	.74	-.88	-1.32	-23.68	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Fast Food Oper	POPI	1.50	1.31	1.38	-.13	-8.33	4.63	1.13	-.31	1.64	1.66	-34.81	.05	.05 N	NC	81.0	6.5	27.5	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	25.88	24.75	25.50	.63	2.51	32.94	16.47	.10	.26	-2.19	44.92	1.85	.77 S	51.3	25.0	3.7	11.2	.40	1.6	03-28-84	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	5.50	4.88	5.13	.00	.00	15.88	4.00	.00	-.66	-3.83	49.09	-.48	-.28 F	NE	7.0	-6.1	NE	.00	.0	00-00-00	36.2	-2.2	.9	.55	3.61	1283
Gen Mills	GIS	50.50	48.75	50.13	1.25	2.56	57.75	41.63	.27	.25	3.39	-33.08	4.89	.77 N	17.3	17.0	4.4	9.6	2.04	4.1	04-04-84	5550.8	245.1	1.2	9.71	25.68	0583
Hamburg Hamlet	HAMB	9.75	9.75	9.75	.00	.00	12.00	9.50	-.28	.29	.01	.00	-1.10	-1.81 N	-161.6	-30.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	50.75	48.00	49.88	.13	.25	60.25	47.50	-.01	.56	.95	-40.80	4.20	1.08 F	34.6	6.0	16.8	11.9	1.80	3.6	05-25-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	42.63	39.50	39.88	-2.38	-5.62	59.00	38.25	-.02	-.24	1.14	36.66	3.28	.78 Q	30.0	13.0	7.8	11.8	.90	2.3	03-12-84	1585.1	124.4	.7	12.90	27.76	1283
Horn & Hardart	HOR	18.63	15.88	16.63	-1.75	-9.52	30.78	15.38	-.66	.25	-3.18	-13.13	1.15	.37 Q	46.8	71.0	4.0	14.3	.00	.0	11-25-83	339.7	13.5	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	6.75	5.75	6.75	.25	3.85	10.75	5.75	-.30	2.51	3.58	56.02	.00	-.81 S	-120.8	-17.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	40.00	38.00	38.00	-2.00	-5.00	40.00	29.50	.00	.32	-1.08	-75.89	2.94	.81 Q	35.3	57.0	6.2	12.3	.00	.0	00-00-00	115.7	7.2	1.0	11.31	7.21	1183
Int King Tab	IKNG	16.75	15.75	16.75	.50	3.08	23.00	12.50	.87	1.24	.00	-14.65	.92	.70 N	100.0	60.0	4.8	12.0	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	12.00	11.50	11.88	.00	.00	18.13	10.38	.40	-.03	-3.90	-40.16	1.00	.05 S	5.0	20.0	4.1	11.4	.20	1.7	02-07-84	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	15.63	13.50	15.63	2.13	15.74	23.13	11.88	.13	2.89	-1.36	-8.96	1.33	-.07 S	-5.3	17.0	4.6	12.6	.12	.8	05-07-84	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	3.25	3.00	3.25	.13	4.00	10.75	2.88	-.45	2.31	-1.06	42.50	-1.29	-.92 F	NE	-52.0	-22.0	NE	.00	.0	00-00-00	12.3	-2.7	.7	1.74	2.45	0983
Kelly-Johnston	KEJO	6.25	4.75	5.25	-1.25	-19.23	18.75	4.75	-.97	-.41	2.41	-18.10	.40	-.31 N	-75.6	16.0	6.3	52.5	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	24.75	21.00	21.00	-3.75	-15.15	43.75	18.75	.27	-1.79	.31	-15.93	1.32	.34 S	28.5	23.0	4.0	13.7	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	33.25	32.00	33.00	1.00	3.13	39.75	29.50	-.08	.84	1.99	-7.89	1.53	.22 S	15.3	27.0	9.8	20.0	.60	1.8	06-04-84	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	12.38	12.13	12.25	.00	.00	15.13	11.38	-.01	.54	9.78	-77.10	1.28	.13 N	10.6	6.0	6.1	9.1	.25	2.0	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	65.50	62.25	62.63	-2.00	-3.09	81.00	58.50	.10	-.05	.97	-22.43	4.15	.71 F	20.6	37.0	3.8	15.1	.44	.7	03-19-84	3036.7	115.2	.9	33.49	19.43	1282
McDonald's Cp	MCD	67.88	64.13	64.25	-2.50	-3.75	74.38	55.75	.02	-.70	.38	6.30	5.74	.74 F	14.8	24.0	11.2	11.2	1.16	1.8	05-23-84	3062.9	342.6	.5	17.62	25.51	1282
Morrison Inc	MORR	14.50	13.88	14.25	.25	1.79	21.06	13.13	-.06	.31	-1.31	-63.28	1.34	.19 S	15.4	13.0	4.5	10.0	.40	2.8	04-09-84	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	2.63	2.63	2.63	-.13	-4.55	3.50	2.25	-.39	.36	.00	-10.89	.15	.49 Q	NE	-25.0	1.1	17.5	.00	.0	03-26-84	63.2	.7	1.3	1.34	1.42	0983
Nathans	NATH	2.13	2.00	2.00	-.13	-5.88	3.63	1.66	.09	-1.37	-.45	-.77	.09	.12 N	120.0	25.0	1.1	9.1	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	9.50	8.38	8.50	-1.00	-10.53	32.75	8.00	-.09	-.55	-4.43	-20.36	.70	-.10 S	-13.3	59.0	3.6	13.1	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	17.00	15.50	16.00	-2.00	-11.11	20.00	15.00	-.58	.97	1.45	-50.00	.84	.15 F	21.7	-10.0	.3	19.0	.32	2.0	12-08-83	160.4	.5	.7	7.17	14.49	0983
Ogden Corp	OG	29.50	25.63	28.00	2.38	9.27	34.38	24.50	.32	.69	-2.89	-7.32	2.64	.69 F	35.3	-7.0	3.0	10.6	1.80	$.4	03-08-84	1727.8	52.5	1.9	15.29	18.87	1283
Pancho Mex Buffet	PAMX	6.63	6.50	6.50	.00	.00	9.00	5.88	.37	.29	.90	-33.26	.43	.15 S	44.1	65.0	4.8	13.3	.10	1.5	09-08-83	25.1	1.2	1.2	.11	2.75	0983
Peoples Rest	PEPL	2.88	1.75	2.63	.75	40.00	15.13	1.50	-.85	-1.47	3.63	-58.82	.28	.04 S	22.2	99.0	7.5	11.9	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
PepsiCo Inc	PEP	41.63	39.63	40.00	.38	.95	41.63	32.63	.15	.02	-1.92	.55	3.01	-.22 F	-6.8	4.0	3.6	13.3	1.68	4.2	06-04-84	7895.9	284.1	1.2	9.26	17.68	1282
Piccadilly Caf	PICC	20.13	19.25	19.25	-.75	-3.75	20.50	12.75	.08	.11	-8.35	-7.94	.99	.05 N	4.6	5.0	3.9	17.0	.60	3.1	03-09-84	152.7	6.0	1.6	.00	7.71	0683
Pillsbury Co	PSY	39.00	37.00	38.13	-.13	-.33	41.50	27.38	-.10	1.24	.01	15.19	3.29	1.29 S	47.7	14.0	3.9	9.6	1.40	3.7	04-25-84	3685.9	143.0	1.4	13.22	22.10	0583
Pizza Inn	PZA	10.25	9.63	9.75	-.50	-4.88	17.50	9.00	.04	-.47	-3.18	21.98	1.16	.61 F	110.9	23.0	2.4	8.4	.08	.8	04-16-84	148.9	3.6	.9	12.32	6.63	1282
Pizza Time Thea	CHKYQ	2.00	1.50	2.00	.00	.00	26.00	1.38	-.20	2.46	-3.39	38.76	1.27	-1.69 N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Po-Folks	POFO	13.00	12.63	12.63	-.38	-2.88	16.75	12.63	-.02	-.34	-2.93	-10.00	.37	.41 Q	NC	4.0	1.9	30.8	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	21.50	19.38	19.75	-1.25	-5.95	25.25	16.00	-.05	-.99	.76	-15.38	1.50	-.41 N	-25.7	-5.0	2.8	16.7	.40	2.0	06-06-84	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	8.13	7.00	7.13	-.75	-9.52	11.88	6.88	-.34	-.09	1.63	16.34	.13	.86 F	NE	-24.0	.7	54.8	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	14.75	14.00	14.00	-.50	-3.45	23.25	.00	-.09	-.69	-.42	54.07	.57	.63 Q	NC	57.0	3.8	22.2	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	7.50	6.63	7.13	.50	7.55	10.88	6.50	-.12	.61	2.08	60.67	.38	.10 F	12.8	31.0	1.9	8.1	.00	.0	00-00-00	118.9	2.2	1.0	3.98	7.15	1282
Restaurant Sys	RSYS	9.00	9.00	9.00	.00	.00	13.50	9.00	-.03	.32	6.20	-12.57	.72	.75 Q	NC	19.0	4.7	12.0	.00	.0	00-00-00	29.6	1.4	1.8	1.21	5.19	1283
Ritzys G D	RITZ	7.25	5.75	6.75	.75	12.50	23.34	5.75	-.53	-1.17	1.27	-21.79	-.17	.17 Q	NE	-25.0	-9.6	NE	.00	.0	11-25-83	8.3	-.8	.7	.17	2.29	1283
Ryans Fam Steak	RYAN	18.50	17.50	18.50	.75	4.23	28.25	15.50	.16	.88	-4.67	28.66	.52	.23 Q	65.7	60.0	10.8	31.9	.00	.0	04-20-83	19.5	2.1	8.2	.19	3.89	1283
Saga Corp	SGA	29.63	27.75	28.75	.75	2.68	40.25	24.63	.33	-.31	2.63	-34.98	2.10	.52 S	29.7	64.0	2.3	12.7	.44	1.5	05-14-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	9.00	8.75	8.75	-.25	-2.78	15.25	8.75	-.35	.32	-.09	-50.00	.70	-.17 N	-22.6	15.0	4.5	15.1	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	9.13	8.63	8.88	.25	2.90	15.00	7.50	.42	.18	3.23	15.47	.23	.42 Q	221.0	10.0	1.2	14.5	.00	.0	06-02-81	73.0	.9	.6	5.06	3.18	1283
Servico Inc	SRVI	15.25	15.00	15.25	.25	1.67	18.00	13.50	.03	.83	-1.70	-32.14	1.19	.51 F	75.0	17.0	2.5	12.8	.00	.0	09-09-83	151.0	3.7	1.1	59.81	5.64	1282
Shoney's Inc	SHON	23.25	22.63	22.63	-.13	-.55	26.25	20.00	-.11	.32	2.76	9.27	1.17	.26 Q	26.8	35.0	6.0	18.4	.16	.7	01-04-84	392.8	23.4	1.6	2.64	6.83	1083
Shoneys South	SHNS	15.00	13.88	15.00	1.00	7.14	20.50	13.75	.13	.00	4.75	-33.48	1.24	1.31 Q	NC	33.0	3.5	11.5	.00	.0	00-00-00	142.0	4.9	.7	3.51	8.76	1283
SIS Cp	SISB	7.25	6.25	6.25	-.75	-10.71	12.75	6.25	-.65	-3.53	-.62	6.58	.14	.14 F	NC	65.0	4.4	44.6	.00	.0	00-00-00	4.5	.2	6.0	.97	2.65	1283
Sizzler Rest Intl	SIZZ	12.50	11.50	12.50	.50	4.17	16.25	8.75	1.13	.73	4.37	-25.35	1.01	.08 N	8.3	15.0	4.5	12.0	.00	.0	00-00-00	128.0	5.8	2.3	1.49	6.27	0483
Skippers	SKIP	11.25	9.75	10.00	-.88	-8.05	15.50	9.00	.47	-1.46	-1.03	24.88	.81	.14 Q	20.8	26.0	4.0	12.3	.06	.6	04-02-84	50.5	2.0	1.3	1.84	6.39	1283
Sonesta Hotel	SNSTA	18.50	18.00	18.50	.50	2.78	22.00	16.50	.08	1.15	-7.36	-28.89	1.02	.65 F	175.6	-6.0	2.3	18.1	.26	1.4	10-05-83	73.4	1.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	4.38	4.25	4.25	.00	.00	7.50	3.88	-.13	-.66	-1.75	-3.94	.27	.05 N	19.2	75.0	3.8	13.7	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Consol Prdts	COPI	6.13	5.75	5.75	.00	.00	10.00	5.38	-.76	-.74	2.94	72.35	.29	.07 Q	31.8	67.0	2.1	19.8	.00	.0	05-17-79	63.4	1.3	1.3	4.90	3.05	0983
TGIF	TGI	12.63	11.38	11.63	-1.00	-7.92	17.88	10.00	.16	.51	-1.61	-9.17	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
TGIF Texas	TEXF	3.75	3.75	3.75	.00	.00	7.50	3.75	-.04	.25	1.94	-20.00	.02	.05 N	NC	58.0	.0	75.0	.00	.0	00-00-00	4.8	.0	.5	3.50	-.17	1282
Victoria Stations	VSTA	7.00	5.13	5.50	-1.25	-18.52	13.63	5.13	-.78	-4.54	-1.13	46.58	-1.02	-.44 N	NE	-61.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	15.88	14.63	15.00	.38	2.56	16.50	10.78	.40	-.08	.10	-28.74	1.01	.19 Q	21.8	21.0	7.7	14.2	.24	1.6	05-01-84	715.1	55.2	.7	1.59	5.67	1283
Western Steer	WSMP	9.25	9.00	9.25	.25	2.78	16.75	9.00	-.22	1.14	-.57	17.14	.92	-.07 N	-6.1	7.0	3.1	8.7	.16	1.7	03-12-84	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	8.88	8.38	8.50	-.50	-5.56	17.13	8.38	-.41	-.11	1.66	-9.97	.63	-.06 Q	-9.2	12.0	3.3	14.4	.00	.0	03-10-83	88.2	2.9	.5	7.06	6.43	1282

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

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FINANCIAL NEWS

Associated Hosts' 1st-half profit jumps 53%

BEVERLY HILLS, Calif.—Associated Hosts Inc., owner of the Bombay Bicycle Club chain, has reported a 36.1% gain in net profit to $1.1 million for its second quarter ended March 29, and a 13% increase in revenue to $24.4 million, compared to the same period last year.

For the first half, AH's net profit was up 52.7% over last year to $1.9 million on a 12% gain in revenue to $47.1 million.

Now, little more than two months after retail giant K mart Corp. broke off its tentative agreement to swap $80 million in stock for the 26-state group of 77 dinnerhouses and three hotels, Associated Hosts appears undaunted. On its own, the company continues racking up major gains from its program of conversions to the Bombay Bicycle Club format.

Made over mostly from AH's Smuggler's Inn units, Bombay Bicycle Clubs "continue to fuel our growth in sales and earnings," said AH's 78-year-old founder and board chairman, Joseph Bulasky. During the second quarter AH opened three more such conversions, bringing the total to 29 BBCs.

The 30th BBC conversion opened in April, to be followed by two more in the third quarter, and four in the closing quarter, Bulasky indicated.

Bulasky said leases have recently been finalized on two more sites, one in southern California and one in the Midwest, while negotiations on "several more" locations continue.

Bulasky—who began his career in 1931 with a hotel in Reno, Nev., and then went on to pioneer the original California-style coffee shop format with his Coffee Dan's chain in the mid-40's—had led Associated Hosts through its recent dramatic profit resurgence.

Net profit of $3.2 million for the year ended last Sept. 29 were up 85% over 1982, when AH reached its lowest profit ebb since 1975. The company's aggressive strategy of swapping other concepts for the more contemporary Bombay Bicycle clubs has resulted in almost immediate doubling of annualized unit volumes to about $2 million in converted units, with gains in liquor volume from about 35% to about half of all sales.

Denny's 3rd-qtr. net profit rises 17% to $9.4 million as revenue jumps 14%

LA MIRADA, Calif.—Denny's has posted a 17% year-to-year increase in net profit to $9.4 million for the third quarter ended March 30. Quarterly revenue was up 14% to $295.6 million, while operating income was up 18% to $24.9 million.

Nine-month net profit was $33.6 million on revenue of $909 million, increases from the same period last year of 15.3% and 16.2%, respectively. Nine-month operating income was up 20% to $83.8 million.

Denny's president Vern Curtis said restaurant division sales were up 12% in the third quarter to $230.6 million, with operating income up 21% to $20.5 million. Restaurant operating margins were 8.9% vs. 8.2% a year ago. Average sales of company-operated domestic units rose 5% over the year-ago quarter to $238,000; menu prices rose about 3.5%.

Winchell's doughnut sales of $46.7 million were up 17% for the quarter, while operating income rose 9% to $3.7 million. Winchell's operating margins dipped mainly from higher commodity costs to 8% from 8.7% in last year's third quarter.

Curtis traced improved results in restaurant sales to the $1.99 "Build-a-Breakfast" promotion that began chainwide in February, adding traffic during the promo's weekday morning hours through the attraction of a variety of breakfast-component options offered at a fixed price.

Winchell's $2.79-a-dozen doughnut promo "broadens our market base to include homemakers and other volume buyers," resulting in "major real sales increases," Curtis said. Average Winchell's unit sales were up 13% from a year ago to $55,300 in the third quarter; menu prices went up about 2%.

Denny's El Pollo Loco division is currently acquiring sites from a fast-food competitor, Curtis said. Pollo Loco will convert the unspecified number of sites to a newly completed free-standing design prototype, including drive-through.

Pollo Loco, with six company and 14 franchised units, reported an operating loss of $307,000 on revenue of $1.55 million for the third quarter. Nine-month operating losses total $286,000 on revenue of $3.1 million. Denny's acquired El Pollo Loco last October; no comparable prior-year figures were released.

Denny's opened 22 coffee shops here and abroad during the third quarter, bringing its systemwide total to 1,234. A total of 10 replacement units opened in the 859-unit Winchell's chain during the same time.

Nation's Restaurant News®

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Collins Foods: Yearly profit up 24% to $15M

NEW YORK—Los Angeles-based Collins Foods International told securities analysts here that net profit for the year ended April 30 would be up at least 24% over fiscal 1983 to a minimum of $15.3 million. Revenue was up about 22% to $395.8 million.

Collins president Richard Bermingham said the as-yet-unaudited results for the year and the fourth quarter would be company records. Fourth-quarter net profit will be in the range of $3.4 million to $3.8 million (a gain over 1983 of at least 50%) on revenue of about $104.9 million, representing a 32% increase over 1983's.

In addition to earnings from operations in fiscal 1984, Collins had a nonrecurring after-tax gain of $3.99 million from sale of its headquarters building. At year end, the company operated 251 Kentucky Fried Chicken units, six Collins Foodservice distribution centers and operated or licensed 451 steakhouses through its 71%-owned Sizzler Steak House subsidiary.

Sizzler president Thomas Gregory told the analysts that the chain's unaudited net profit for the year ended April 30 was approximately $7.85 million, up 36% from last year. Revenue for 1984 were up 11.3% to $142.5 million, Gregory said.

Merrill Lynch heads $2.3 billion offer to buy Servomation owner

NEW YORK—City Investing Co., owner of contract-feeder Servomation Corp., said an investor group led by Merrill Lynch Capital Markets offered to acquire it through a leveraged buyout for about $2.3 billion in cash and securities. Other bidders, however, were waiting in the wings.

The Merrill Lynch group includes City Investing's chairman and chief executive, George T. Scharffenberger, indicating current management would probably remain in place.

The fate of Servomation was not immediately known. Servomation, which has about $550 million a year in sales, is one of the largest food-service companies in the nation, largely through some 80,000 vending machines located in plants, offices and public arenas.

City Investing also owns the the 350-property low-priced Motel 6 chain, which is a prime candidate to be sold after a leveraged buyout.

The company, however, has had mixed results in the hospitality business. It once owned a major chunk of Sambo's family restaurants and the largely defunct Red Barn fast-food chain.

'Efficiencies' up Pioneer net 35%

LOS ANGELES—Pioneer Take Out Corp. has scored a 35.3% increase in net profit to $1.4 million for the year ended Dec. 25. Revenue for fiscal 1983 declined to $44.6 million from $44.8 million the year before.

Pretax profit increased 29.8% in 1983 to $2.4 million.

Pioneer officials said efficiencies implemented early in 1983 were responsible for the profit gains in the face of relatively flat year-to-year revenues. Systemwide sales in the two-thirds-franchised chain of 327 fast-food chicken outlets totaled $92.6 million last year.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
A&M Food Services	3 mos.	3/20	$ 6.400	31.0			$ 0.256	265.0
Associated Hosts	3 mos.	3/29			$ 24.400	13.0	1.100	36.1
	6 mos.				47.100	12.0	1.900	52.7
Collins Foods Int'l	12 mos.	4/30			395.800	22.0	15.300	24.0
Denny's	3 mos.	3/30			295.600	14.0	9.400	17.0
	9 mos.				909.000	16.2	33.600	15.3
Diversifoods	3 mos.	3/31			125.700	15.4	5.500	10.6
El Torito	3 mos.	3/31	0.585	25.0			1.566	114.0
Esteban's Mexican Foods	12 mos.	12/31			10.500	52.0	0.416	
	3 mos.		2.890	42.0			0.009	
G. D. Ritzy's	3 mos.	4/1			3.100	147.0	– 0.647	
Hilton Hotels	4 mos.						25.000	3.0
Holiday Inns	3 mos.	3/30			402.500	15.0	26.000	16.0
Morrison	3 mos.	2/25			114.300	10.0	4.500	0.0
	9 mos.				341.200	10.0	14.300	9.0
Naugles	3 mos.	5/5			25.700	28.0	– 7.100	
	10 mos.	5/5			86.900		– 5.200	
Pan Am	3 mos.	3/31			879.600	5.0	– 70.300	
Pancho's	6 mos.	3/31			14.472	25.0	0.556	41.0
	3 mos.				7.551		0.349	57.0
Pioneer Take Out	12 mos.	12/25			44.600		1.400	35.3
Pizza Inn	3 mos.	3/25			38.000	9.5	0.805	– 15.0
Rusty Pelican	3 mos.	4/15	9.350	27.0			0.558	54.0
	9 mos.		24.600	17.0			1.100	44.0
Restaurant Assoc.	3 mos.	3/31			30.000	9.0	0.013	– 84.0
Saga	3 mos.	3/24			284.000	10.0	8.200	33.0
	9 mos.				825.000		24.600	18.0
Sandwich Chef	3 mos.	3/31	6.600	24.0			0.216	
	9 mos.		18.900	30.3			0.486	
Sis Corp.	3 mos.	3/31	1.400	118.0			– 0.960	
Southern Hospitality	3 mos.	2/29	8.000	36.3			0.190	4.4
	9 mos.		25.600	36.4			0.792	32.9
T.G.I. Friday's	3 mos.	4/2			65.300	23.0	3.100	35.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

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Inside chain pricing strategies—Pp. 63-65

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BK's Tim Johnson (right), institutional development director, with executive vp Jay Darling and Base Commander Duran at opening of BK's third Navy unit in Norfolk, Va.

Going private

Denny's execs team with Merrill Lynch in leveraged buyout

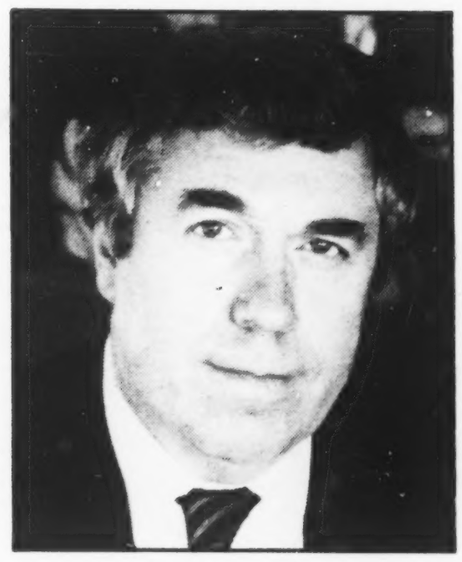
By Richard Martin

LA MIRADA, Calif.—President and ceo Vern O. Curtis and about 50 other top executives of Denny's have joined with unidentified institutional investors led by Merrill Lynch's investment banking arm in a bid to buy the 2,120-unit international coffee shop/doughnut shop chain for nearly $800 million.

The leveraged buyout offer of $45 a share for Denny's 17.52 million outstanding shares was unanimously approved by the seven directors on Denny's 11-man board who are not members of the investor group.

Among the nonparticipants is chairman Verne H. Winchell, founder of Winchell's and Denny's largest shareholder, who stands to receive about $54 million for his approximate 8% share of all Denny's stock.

Denny's would become a private company, held in as-yet-unspecified proportions by current management and the outside investors, including Merrill Lynch Capital Markets, which—with stipulations from Curtis on the broad equity involvement of Denny's execs—was the principal architect of the buyout plan.



Vern Curtis

Merrill Lynch is expected to conclude the so far unfinished financing arrangements for the proposed purchase using Denny's assets as collateral; in so doing, the deal to go private is like most other leverage buyouts (LBOs)—an increasingly

(Continued on page 132)

Burger King clinches landmark military deal

Signs agreement to build 185 units over next 5 years

By Joe Edwards

MIAMI—Burger King will open as many as 185 restaurants on Army and Air Force bases worldwide in the next five years under terms of a landmark franchising agreement it signed last month with the Army and Air Force Exchange Service (AAFES), a branch of the Defense Department.

This deal has the potential of catapulting Burger King ahead of other fast feeders in the development of institutional markets, an increasingly important arena as traditional sites become scarce and chains look elsewhere for growth.

Burger King, McDonald's and several other national fast-food chains have been opening units in nontraditional locations such as transportation centers, military bases, retail stores, and high schools and colleges, but Burger King's development pact with AAFES is the largest to date by a wide margin.

In what may signal the start of a new era in both fast-food expansion and military feeding, AAFES will operate traditional Burger King restaurants on Army and Air Force bases in the United States, Europe and the Pacific region beginning

(Continued on page 132)

Nation's Restaurant News going weekly

NEW YORK—*Nation's Restaurant News*, the biweekly newspaper of the food-service industry, is changing to a weekly frequency with its Oct. 8 issue.

The decision to go weekly came as a result of extensive market research and readership studies, all of which pointed to the need for greater frequency of coverage of the volatile $160 billion food-service market.

"It became obvious to us," said J. Roger Friedman, president of Lebhar-Friedman Inc., publisher of *Nation's Restaurant News*, "that the dynamic, thriving food-service industry needs more intense coverage, that this could be accomplished only through a weekly newspaper."

Nation's Restaurant News' going weekly is the logical culmination of a publishing cycle which started with a magazine dedicated to the coverage of the old drug store and 5 and 10 soda fountains and lunch counters. In 1954, when food-service chains started to develop into an industry force, the publication was expanded to cover all facets of the business.

In 1967 the magazine, *Chain Store Age Restaurant Edition*, was transformed into the biweekly *Nation's Restaurant News*, which as a tabloid paper expanded its coverage to all phases of the emerging food-service field.

Now that the food-service industry has spurted to $160 billion in annual sales and

(Continued on page 132)

Takeover battle stalls European Disneyland

By Donald Jeffrey

Walt Disney Productions, which had been "aggressively seeking sites" for its first European Disneyland, has put plans aside for now because of its embroilment in a takeover flight with New York financier Saul Steinberg.

"The Steinberg affair has put [EuroDisneyland] on hold because of the time top management must be dealing with it," said Erwin Okun, Disney's corporate communications vice president.

This fight for control of the company has involved a series of strategic moves and counter-attacks, including the multi-million-dollar purchase of a development company, lawsuits to block that sale and the filing for a proxy-like fight to unseat Disney's board of directors.

Meanwhile Disney, although encouraged by the success of two movies it released this year, experienced a 26% decline in profit in the winter quarter—due in part to a 17% drop in attendance at its Magic Kingdom and Epcot Center in Florida. A weakening of investor confidence made it vulnerable to a takeover.

Steinberg, who began purchasing large blocks of Disney shares earlier this year, declared his intention to obtain a controlling interest in the company. In early June he owned, through his Reliance Financial Services Corp., 12.2% of the shares.

It had been rumored that Marriott Corp. was going to join Steingberg's takeover bid, but spokesman Al Rankin said Marriott had "no intention to acquire, or to join with any group in acquiring, Disney stock."

At presstime, Steinberg had decided to try to take control of Disney through a "consents solicitation." Analysts said this indicated "weakness" in Steinberg's bid for control. A spokesman for Steinberg said, "We contend it is not a sign of weakness. We're going ahead with that." The spokesman also said Steinberg was still "considering all options," including a merger offer and a proxy solicitation. Asked about greenmail—the practice of selling stock back to a company at a higher price—she said, "That's

(Continued on page 132)

LATE NEWSBREAKS

Pizza Hut has just launched barbecued pizza in Wichita and 25% of its units, following a successful five-month test in Green Bay, Wis., and other selected markets.

Ponderosa reported a 51% net profit gain to $4.5 million on a 21% revenue jump to $121.4 million for its first quarter ended May 17, compared to the same period last year. The 659-unit family steakhouse chain is extending its breakfast buffet rollout to 400 units.

Concessions International, Atlanta-based contract management concessionaire at Cleveland, New Orleans and Los Angeles airports, is opening one of the largest airport food-service facilities in the world—a single 25,768-sq.-ft. area, the size of a city block—this month at revamped Los Angeles International Airport.

Brock looks to slice away a big chunk of Pizza Time

DALLAS—It sounds like part of a plot from a Greek tragedy, but Brock Hotel officials say they expect to conclude a deal to take over at least some of the operations of Chapter 11-locked Pizza Time Theatre.

Brock executives say they'd like to meld some of Sunnyvale, Calif.-based Pizza Time's profitable operations into their own similar ShowBiz chain.

The irony of the prospective embrace of Pizza Time by ShowBiz's parent Brock resides in the fact that Brock got into the pizza/entertainment segment as a territorial licensee of Pizza Time.

Only when Brock officials calculated that the cost of a break-away settlement would be less than paying royalties to computer genius Nolan Bushnell's Pizza Time creation did they go their own way with ShowBiz.

Pizza Time executives appear hopeful that the stepchild will indeed take at least a good bite of the parent, although a final deal still faces a multiplicity of obstacles.

Pizza Time sought Chapter

(Continued on page 132)